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18 MAY 1981

MEMORANDUM FOR: Director, Consolidated SAFE Project Office, ODP

FROM: [REDACTED]

Chief, Real Estate & Construction Division, OL

SUBJECT: SAFE Computer Center Renovation Change Order
Costs

- REFERENCES:
- A. Memo for C/CSPO/ODP fm C/RECD, dtd 18 Mar 81, Subj: Status of SAFE Site Construction Costs
 - B. Memo for C/RECD/OL fm D/CSPO/ODP, dtd 20 Apr 81, Subj: SAFE Computer Center Renovation Change Order Costs

1. It is with concern that I read your memorandum, dated 20 April 1981 (Reference B), in which you stated that, "... inadequate planning and analysis ..." led to an "... inordinate number of change orders and additional costs ..." during the construction of the SAFE Phase I computer facility. In order to respond to this point, let me briefly review the process through which this facility design was accomplished. The General Services Administration (GSA) selected the architect-engineer (A-E) firm of [REDACTED] who subcontracted the mechanical and electrical design work to the firm of [REDACTED]. The A-E was paid the standard design fee but requested additional funds to conduct more intensive survey work. GSA refused this request as a matter of policy and directed the A-E to utilize the existing site drawings and survey only as necessary to complete the project.

2. Real Estate and Construction Division (RECD) engineers reviewed the conceptual aspects and general layout of the A-E's work; however, RECD is not staffed to accomplish a physical validation of all details of the A-E's design. Indeed, if RECD were staffed for this degree of effort, the design work could be accomplished in-house. RECD and GSA must therefore rely on the A-E to perform his work within professionally acceptable standards consistent with contractual tasking and review. In cases where some professional quality is lacking in the A-E's work, and is not evident in the review process, more change orders are to be expected during the construction phase. I mention these facts not as an apology, but merely to describe to you the present system for facility construction.

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3. Your memorandum specifically referred to eleven change orders for which a final price determination had been made. In addition to these, Reference A also lists ten additional change orders for which a final price determination has not been made. Of these 21 change orders:

- a. Twelve may be attributed to inadequate survey work (Paragraph 1, c.o.'s 2, 3, 4, 8, 9, 11; Paragraph 2 (b), (c), (e), (f), (i), and (j) at a total cost of \$154,249 - the major item, the installation of electrical bus duct in lieu of conduits for \$100,000, is sufficient to handle part of the Phase II power requirement and thus eliminate this part of the work from Phase II construction. Additionally, this latter item must be done now in order to provide power to Phase I. It cannot be enlarged later due to space limitations in the utility tunnel;
- b. Two are credits (Paragraph 1, c.o. 7, Paragraph 2 (a) at a reduction of \$3,694;
- c. Five are the result of design error (Paragraph 1, c.o.'s 1, 5, 10; Paragraph 2 (d), (g) at a cost of \$25,629;
- d. One (Paragraph 1, c.o. 6), at a cost of \$14,116, was required due to a conflict with the "C" Vault expansion project which supports SAFE;
- e. A pending change order listed in Paragraph 2 (h) at \$5,000 is to allow the SAFE contractor rather than the Uninterruptible Power System (UPS) vendor to install the UPS units in this area to expedite installation;
- f. The transfer of \$3,900 under Paragraph 1 (h) was to allow the Headquarters Building GSA forces to efficiently complete those minor tasks inevitably required in projects such as these, instead of having to write a work request for each task. It should be pointed out that elimination of all of the above items would not have returned all of these funds back to the project. The majority of this work is a basic requirement to complete the project and if it had been included in the original design, the original contract price would have been appropriately higher. Of course, accomplishing this work via the change order route is certainly less efficient than properly incorporating it into the design initially.

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4. As you recall, \$400,000 of the total funds originally provided to GSA for construction was withdrawn at your request in August 1980. In my response to this request, dated 28 August 1980 (attached), you were advised: "I, therefore, caution you that while the short-range effect of recovery of the excess funds for other uses is believed possible, the long-range spectre of unexpected costs beyond remaining available funds and resultant delays is also a possibility of which you must be aware." When modifying an existing building, the element of unknown is always greater because some items on existing drawings seem never to be quite where they are shown. Since you insisted on the funding reduction and withdrawal contrary to my advice, I cannot now support your contention that RECD and/or GSA should be obligated to fund for the required changes subsequently identified.

5. In any event, RECD has no funds for this purpose and even if GSA should be successful in legal redress against the A-E for his errors and omissions, the most optimistic outcome would be punitive rather than of any practical help in achieving our construction objective. As things presently stand, it appears that funds already provided for Phase I may be sufficient to sustain the project through the events described in Reference A. Assuming that your final sentence in Paragraph 5 of Reference B alludes to future changes, we will henceforth operate within presently available funds. If they should become exhausted, we will simply notify you of the anticipated impact on timely delivery of a complete and usable facility.

6. I certainly agree to your request for a quarterly reporting of construction funding as requested in Reference A. If you would like to discuss these issues further, please give me a call.

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Attachments

cc: 1 - D/ODP
1 - C/PP&ES/PMES/NFAC

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(18 May 81)

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